

ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	6 Months Ended		Increase/ (decrease) %
	31/12/2021 S\$'000	31/12/2020 S\$'000	
Revenue	663	567	16.9
Cost of sales	<u>(157)</u>	<u>(162)</u>	(3.1)
Gross profit	506	405	24.9
Other gains, net			
- Interest income from bank deposits	1	1	-
- Others	464	996	(53.4)
Expenses			
- Distribution and marketing	(301)	(176)	71.0
- Administrative	(2,758)	(2,702)	2.1
- Finance	<u>(311)</u>	<u>(123)</u>	152.8
Loss before income tax	(2,399)	(1,599)	50.0
Income tax credit	<u>23</u>	<u>8</u>	187.5
Net loss	<u><u>(2,376)</u></u>	<u><u>(1,591)</u></u>	49.3
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation gain arising from consolidation	269	457	(41.1)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation gain arising from consolidation	96	177	(45.8)
Other comprehensive income, net of tax	<u>365</u>	<u>634</u>	(42.4)
Total comprehensive loss	<u><u>(2,011)</u></u>	<u><u>(957)</u></u>	110.1

	6 Months Ended		Increase/ (decrease)
	31/12/2021	31/12/2020	%
	S\$'000	S\$'000	
Loss attributable to:			
Equity holders of the Company	(1,782)	(896)	98.8
Non-controlling interests	<u>(594)</u>	<u>(695)</u>	(14.4)
	<u>(2,376)</u>	<u>(1,591)</u>	49.3
Total comprehensive loss attributable to:			
Equity holders of the Company	(1,513)	(439)	268.8
Non-controlling interests	<u>(498)</u>	<u>(518)</u>	(4.4)
	<u>(2,011)</u>	<u>(957)</u>	110.1
Loss per share for loss of the period attributable to the owners of the Company:			
Basic and diluted loss per share (cents per share)	<u>(0.01)</u>	<u>(0.01)</u>	

B. Condensed interim statements of financial position

	Group		Company	
	31/12/2021 S\$'000	30/06/2021 S\$'000	31/12/2021 S\$'000	30/06/2021 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	1,211	1,537	959	902
Financial assets, at FVPL	-	2,824	-	2,824
Trade and other receivables	3,007	2,973	25,948	24,925
Inventories	19	187	-	-
Other current assets	1,725	1,680	112	124
Financial assets, at FVOCI	-*	-*	-*	-*
	<u>5,962</u>	<u>9,201</u>	<u>27,019</u>	<u>28,775</u>
Non-current assets				
Trade and other receivables	10,172	10,023	-	-
Development properties	13,898	13,642	-	-
Investment in subsidiary corporations	-	-	26,498	25,575
Property, plant and equipment	30,077	30,027	203	100
Intangible assets	-	21	-	-
	<u>54,147</u>	<u>53,713</u>	<u>26,701</u>	<u>25,675</u>
Total assets	<u>60,109</u>	<u>62,914</u>	<u>53,720</u>	<u>54,450</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,345	5,492	395	492
Borrowings	1,916	1,585	1,518	1,297
Current income tax liabilities	-	15	-	15
	<u>7,261</u>	<u>7,092</u>	<u>1,913</u>	<u>1,804</u>
Non-current liabilities				
Borrowings	8,838	9,804	3,085	3,797
Deferred income tax liabilities	577	574	-	-
	<u>9,415</u>	<u>10,378</u>	<u>3,085</u>	<u>3,797</u>
Total liabilities	<u>16,676</u>	<u>17,470</u>	<u>4,998</u>	<u>5,601</u>
Net assets	<u>43,433</u>	<u>45,444</u>	<u>48,722</u>	<u>48,849</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	195,738	195,738	195,738	195,738
Foreign currency translation reserve	(15,867)	(16,133)	(15,939)	(15,939)
Fair value reserve	(6,000)	(6,000)	(6,000)	(6,000)
Accumulated losses	<u>(136,132)</u>	<u>(134,244)</u>	<u>(125,077)</u>	<u>(124,950)</u>
	37,739	39,361	48,722	48,849
Non-controlling interests	<u>5,694</u>	<u>6,083</u>	<u>-</u>	<u>-</u>
Total equity	<u>43,433</u>	<u>45,444</u>	<u>48,722</u>	<u>48,849</u>

* Less than S\$1,000

C. Condensed interim consolidated statement of cash flows

	6 Months Ended	
	31/12/2021	31/12/2020
	S\$'000	S\$'000
Cash flows from operating activities		
Net loss	(2,376)	(1,591)
Adjustments for:		
- Income tax credit	(23)	(8)
- Interest expense on bank borrowings	298	108
- Interest expense on lease liabilities	13	15
- Interest income from bank deposits	(1)	(1)
- Dividend income	(33)	(72)
- Depreciation of property, plant and equipment	806	790
- Amortisation of intangible assets	8	4
- Fair value loss on financial assets, at FVPL	101	45
- Loss/(gain) on disposal of financial assets, at FVPL	76	(3)
- Intangible assets written-off	13	-
- Unrealised currency transaction differences	(470)	(653)
	<u>(1,588)</u>	<u>(1,366)</u>
Changes in working capital:		
- Development properties	-	(19)
- Trade and other receivables	21	(900)
- Financial assets, at FVPL	2,647	(1,808)
- Inventories	170	1
- Other current assets	(16)	16
- Trade and other payables	(239)	(147)
	<u>995</u>	<u>(4,223)</u>
Cash provided by/(used in) operations	995	(4,223)
Interest received	1	1
	<u>996</u>	<u>(4,222)</u>
Net cash provided by/(used in) operating activities		
Cash flows from investing activities		
- Additions to property, plant and equipment	(1)	(18)
- Dividend received	33	72
	<u>32</u>	<u>54</u>
Net cash provided by investing activities		
Cash flows from financing activities		
- Proceeds from issuance of new shares pursuant to exercise of warrants	-	5
- Drawdown of bank borrowings	-	5,989
- Repayment of bank borrowings	(853)	(2,024)
- Interest paid for bank borrowings	(298)	(108)
- Interest paid for lease liabilities	(13)	(15)
- Principal repayment of lease liabilities	(182)	(192)
	<u>(1,346)</u>	<u>3,655</u>
Net cash (used in)/provided by financing activities		
Net decrease in cash and cash equivalents	(318)	(513)
Cash and cash equivalents		
Beginning of financial period	1,537	4,030
Effects of currency translation on cash and cash equivalents	(8)	89
	<u>1,211</u>	<u>3,606</u>
End of financial period		

D. Condensed interim statements of changes in equity

	← Attributable to equity holders of the Company →				Non- controlling interests S\$'000	Total S\$'000	
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000			Total S\$'000
Group							
Half-year ended 31 December 2021							
Balance as at 1 July 2021	195,738	(16,133)	(6,000)	(134,244)	39,361	6,083	45,444
Total comprehensive income/(loss) for the financial period	-	269	-	(1,782)	(1,513)	(498)	(2,011)
Effect of dilution in non-controlling interests	-	(3)	-	(106)	(109)	109	-
Balance as at 31 December 2021	<u>195,738</u>	<u>(15,867)</u>	<u>(6,000)</u>	<u>(136,132)</u>	<u>37,739</u>	<u>5,694</u>	<u>43,433</u>
Half-year ended 31 December 2020							
Balance as at 1 July 2020	195,733	(17,055)	(4,000)	(130,285)	44,393	6,808	51,201
Total comprehensive income/(loss) for the financial period	-	457	-	(896)	(439)	(518)	(957)
Issuance of new ordinary shares pursuant to exercise of warrants	5	-	-	-	5	-	5
Balance as at 31 December 2020	<u>195,738</u>	<u>(16,598)</u>	<u>(4,000)</u>	<u>(131,181)</u>	<u>43,959</u>	<u>6,290</u>	<u>50,249</u>

Company	Share capital S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Half-year ended 31 December 2021					
Balance as at 1 July 2021	195,738	(15,939)	(6,000)	(124,950)	48,849
Total comprehensive loss for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>(127)</u>
Balance as at 31 December 2021	<u>195,738</u>	<u>(15,939)</u>	<u>(6,000)</u>	<u>(125,077)</u>	<u>48,722</u>
Half-year ended 31 December 2020					
Balance as at 1 July 2020	195,733	(15,939)	(4,000)	(124,471)	51,323
Total comprehensive loss for the financial period	-	-	-	302	302
Issuance of new ordinary shares pursuant to exercise of warrants	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Balance as at 31 December 2020	<u>195,738</u>	<u>(15,939)</u>	<u>(4,000)</u>	<u>(124,169)</u>	<u>51,630</u>

Notes to the condensed interim consolidated financial statements

N1. Corporate information

Asia-Pacific Strategic Investments Limited (the “Company”) was incorporated as a public company limited by shares, in Singapore on 6 July 2006 and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 31 August 2007. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiary corporations (collectively, the “Group”).

The principal place of operation is at 1 Scotts Road #20-07 Shaw Centre, Singapore 228208 and the registered office is at 8 Robinson Road #03-00 ASO Building, Singapore 048544.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are real estate developer and provision of hotel management and hospitality services.

N2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

N2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

N2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 9 – Estimated impairment of non-financial assets
- Note 10 – Net realisable value of development properties
- Note 11 – Impairment of trade and other receivables.

N2.2. Going concern

As the effects of the coronavirus ("COVID-19") spread across the entire world, including Singapore and the Peoples' Republic of China ("PRC"), the countries in which the Group operates, the primary focus for governments and businesses is the safety of their people. Stringent travel restrictions and safe distancing measurements imposed on a global scale to battle the spread of COVID-19 have had severe repercussions on the hospitality and real estate industries, which are the Group's main business operations. As a result, the Group incurred a net loss of S\$2,376,000 (1HFY21: S\$1,591,000) for the six months ended 31 December 2021 and is in a net current liabilities position of S\$1,299,000 (net current assets position of S\$2,103,000 as at 30 June 2021) as at 31 December 2021.

Notwithstanding the above mentioned, the Board of Directors has assessed that the going concern basis of preparation for the condensed interim financial statements for the six months ended 31 December 2021 remains appropriate after considering the following:

- (i) The Group is still negotiating with the contractors to finalise the final contract sums and it is expected that the payment of the accrued construction cost (included in current trade and other payables) amounting to S\$3,506,000 as at 31 December 2021 will be delayed beyond 12 months from the end of the financial period;
- (ii) The Group is exploring various fund-raising options to fund the working capital and growth of the Group going forward including the construction of development properties; and
- (iii) The Group's term loan from a licensed bank in Singapore amounting to S\$5 million is secured against a deed of undertaking from Dato' Dr Choo Yeow Ming ("Dato' Choo"), the Chairman and Chief Executive Officer of the Group and the term loan from a licensed bank in the PRC amounting to RMB30 million is secured against a personal guarantee by Dato' Choo of up to RMB55.0 million (equivalent to S\$11.67 million).

N3. Seasonal operations

The Group's hospitality business may be affected by seasonal or cyclical factors including but not limited to the national holidays, school holidays, festive seasons and the weather conditions.

N4. Segment and revenue information

The Group is organised into business units based on both geography and business segment. For the six months ended 31 December 2021 ("1HFY22"), the Group had three reportable operating segments: investment, real estate development and hospitality.

For 6 months ended 31 December 2021

	Singapore	← PRC →		
	Investment S\$'000	Real estate development S\$'000	Hospitality S\$'000	Total S\$'000
Group				
Revenue from external parties	-	-	663	663
Gross profit	-	-	506	506
Other gains/(losses), net				
- Interest income from bank deposits	-	-	1	1
- Others	305	133	26	464
Distribution and marketing expenses	-	-	(301)	(301)
Administrative expenses	(956)	(201)	(1,601)	(2,758)
Finance expenses	(68)	-	(243)	(311)
Loss before income tax	(719)	(68)	(1,612)	(2,399)
Income tax credit	15	-	8	23
Net loss	(704)	(68)	(1,604)	(2,376)
Depreciation	186	8	612	806
Amortisation	-	-	8	8
Segment assets	1,276	23,907	34,926	60,109
Segment assets include Additions to:				
- Property, plant and equipment	-	-	1	1
Segment liabilities	4,999	1,180	10,497	16,676

For 6 months ended 31 December 2020

Group	Singapore	PRC		Total S\$'000
	Investment S\$'000	Real estate development S\$'000	Hospitality S\$'000	
Revenue from external parties	8	-	559	567
Gross profit	1	-	404	405
Other gains/(losses), net				
- Interest income from bank deposits	-	1	-	1
- Others	823	158	15	996
Distribution and marketing expenses	-	-	(176)	(176)
Administrative expenses	(1,105)	(307)	(1,290)	(2,702)
Finance expenses	(74)	(1)	(48)	(123)
Loss before income tax	(355)	(149)	(1,095)	(1,599)
Income tax credit	-	-	8	8
Net loss	(355)	(149)	(1,087)	(1,591)
Depreciation	186	20	584	790
Amortisation	-	-	4	4
Segment assets	7,991	23,904	35,321	67,216
Segment assets include Additions to:				
- Property, plant and equipment	2	1	15	18
Segment liabilities	5,473	1,228	10,266	16,967

N5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2021 and 30 June 2021:

	Group		Company	
	31/12/2021 S\$'000	30/06/2021 S\$'000	31/12/2021 S\$'000	30/06/2021 S\$'000
Financial assets				
Financial assets, at FVPL	-	2,824	-	2,824
Financial assets, at FVOCI	_*	_*	_*	_*
Financial assets at amortised cost	14,475	14,623	26,997	25,917
	14,326	17,447	26,997	28,741
Financial liabilities				
Financial liabilities at amortised cost	16,099	16,881	4,998	5,586

* Less than S\$1,000

N6. Profit before taxation**N6.1. Significant items**

	6 Months Ended		Increase/ (decrease) %
	31/12/2021 S\$'000	31/12/2020 S\$'000	
Interest expense:			
- Lease liabilities	(13)	(15)	(13.3)
- Bank borrowings	(298)	(108)	175.9
Rental income	109	159	(31.4)
Currency exchange gain	445	702	(36.6)
Investment income:			
- Fair value loss on financial assets, at FVPL	(101)	(45)	124.4
- Dividend income	33	72	(54.2)
Depreciation and amortisation	(814)	(794)	2.5
Gain/(loss) on disposal of financial assets, at FVPL	(76)	3	n.m.

n.m. = Not meaningful.

N6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

N7. Taxation

	6 Months Ended		Increase/ (decrease) %
	31/12/2021 S\$'000	31/12/2020 S\$'000	
Deferred income tax	8	8	-
Current income tax			
- Over provision in respect of prior year	15	-	n.m.
	<u>23</u>	<u>8</u>	n.m.

N8. Net asset value

	Group		Company	
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
Net asset value per ordinary share (cents per share)	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>

N9. Estimated impairment of non-financial assets

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

N9.1 Impairment of property, plant and equipment

The carrying amounts of the Group's and the Company's property, plant equipment at the balance sheet date are S\$30,077,000 and S\$203,000 (as at 30 June 2021: S\$30,027,000 and S\$100,000) respectively. The assets used in the hotel operations, which are included in property, plant and equipment, amounted to S\$29,813,000 (as at 30 June 2021: S\$29,843,000). Management has assessed the recoverable amounts of the assets used in hotel operations based on the fair value less costs to sell which is determined using income approach. No impairment is recognised during the six months ended 31 December 2021 and financial year ended 30 June 2021, as the recoverable amount is higher than the carrying amount.

N9.2 Impairment of investments in subsidiary corporations

The carrying amount of investments in subsidiary corporations at the balance sheet date is S\$26,498,000 (as at 30 June 2021: S\$25,575,000). As at 31 December 2021, no additional impairment was provided as the recoverable amount which was determined by management based on value-in-use was not lower than its carrying amount.

N10. Net realisable value of development properties

The carrying amount of the Group's development properties at the balance sheet date is S\$13,898,000 (as at 31 December 2021: S\$13,642,000). In determining whether a write-down should be made for the development properties, the Group takes into consideration the principal situations in which net realisable value is likely to be less than the cost in accordance to SFRS(I) 1-2 *Inventories*. A write-down is made if the net realisable value is less than the carrying amount. No allowance was required for the development properties as the Group has assessed that there was no triggering event that the principal situation in which the net realisable value is likely to be less than the carrying amount.

N11. Impairment of other receivables

As at 31 December 2021, the carrying amount of the Group's other receivables before impairment loss is S\$13,179,000 (as at 30 June 2021: S\$12,996,000).

The Group measures expected credit loss ("ECL") for other receivables using general approach. Under the general approach, the loss allowance is measure at an amount equal to 12-month ECL at initial recognition.

At each balance sheet date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The assessment of the correlation between historically observed default rates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

N12. Borrowings

Amount repayable in one year or less, or on demand

	Group		Group	
	As at 31/12/2021		As at 30/06/2021	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	1,697	-	1,453	-

Amount repayable after one year

	Group		Group	
	As at 31/12/2021		As at 30/06/2021	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	8,811	-	9,793	-

Details of any collateral

- (a) The Group was granted a term loan facility of RMB30.0 million for working capital purposes from a licensed bank in the PRC in December 2020. The term loan bears an interest of 7.5% per annum and is secured against:
- a leasehold land measuring 10,638m² and the hotel building erected on the leasehold land owned by the Group, in Huzhou, PRC (the “Hotel Collateral”); and
 - a personal guarantee by Dato Dr Choo Yeow Ming (“Dr Choo”), the Chairman and Chief Executive Officer of the Group, of up to RMB55.0 million.

The term loan was fully drawdown in December 2020 and is repayable as below:

Repayment date	Amount (RMB)
21 December 2021	1,200,000
21 December 2022	1,800,000
21 December 2023	3,000,000
21 December 2024	12,000,000
25 December 2025	12,000,000

The amount of RMB1.2 million term loan which was due on 21 December 2021 was paid on the due date.

- (b) The Group was granted a term loan facility of S\$5.0 million for working capital purposes from a licensed bank in Singapore in June 2020. The term loan bears an interest of 2.5% per annum and is secured against a deed of undertaking from Dr Choo to top up any principal and interest shortfall. The term loan has a tenor of 5 years and was fully drawdown in June 2020. It is repayable in 47 monthly principal and interest instalments of S\$109,571 commencing on 16 July 2021 and the last principal and interest instalment of S\$109,670 falling on 16 June 2025.

N13. Share capital

	The Group and Company			
	31/12/2021		30/06/2021	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Financial assets				
Beginning and end of interim period	<u>17,825,747</u>	<u>195,738</u>	<u>17,825,747</u>	<u>195,738</u>

The Company did not have any treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

Warrants

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the current financial period reported on and at the end of the corresponding period of the immediately preceding financial year:

	31/12/2021	31/12/2020
Warrants expiring on 30 January 2023 ("W230130")	10,008,570,063	10,008,570,063
Warrants expiring on 26 July 2023 ("W230726")	<u>6,145,168,199</u>	<u>6,145,168,199</u>
	<u>16,153,738,262</u>	<u>16,153,738,262</u>

OTHER INFORMATION PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

1. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

2. **Where the figures have been audited, a statement on whether there are any qualifications, disclaimer of opinion, adverse opinion or emphasis of matter (including material uncertainties on going concern).**

Not applicable.

- 2A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) **Confirmation from the board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest financial statements for the financial year ended 30 June 2021 do not have any adverse opinion, qualified opinion or disclaimer of opinion.

3. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

- A. **Review of Financial Performance**

Revenue and gross profit

The Group reported higher revenue of S\$663,000 in the six months ended 31 December 2021 ("1HFY22") as compared with the S\$567,000 recorded in the six months ended 31 December 2020 ("1HFY21"). The increase was due mainly to higher occupancy rate for hotel operations in 1HFY22.

In line with the higher revenue, the Group's gross profit increased to S\$506,000 in 1HFY22. The Group's gross profit margin improved to 76% in 1HFY22 as compared to 71% in 1HFY21.

Other gains, net

The lower other gains reported in 1HFY22 was attributable mainly to lower foreign exchange gain and rental income of S\$445,000 and S\$109,000 respectively (1HFY21: S\$702,000 and S\$159,000 respectively), a higher fair value loss on financial assets, at FVPL of S\$101,000 (1HFY21: S\$45,000) and a loss on disposal of financial assets, at FVPL of S\$76,000 (a gain of S\$3,000 in 1HFY21).

Distribution and marketing expenses

The increase in distribution and marketing expenses was attributable mainly to higher staff salaries and related compensation of S\$262,000 (1HFY21: S\$156,000). The Group increased its headcount in the marketing department in 1HFY22.

Administrative expenses

The Group administrative expenses increased marginally by S\$56,000 to S\$2.8 million in 1HFY22. The increase was due main to higher write-off of hotel's low value assets of S\$178,000 (1HFY21: S\$3,000). This is partly offset by the decrease in staff salaries and related compensation of S\$1.0 million (1HFY21: S\$1.1 million).

Finance expenses

The higher finance expenses in 1HFY22 was due mainly to interest expenses of S\$241,000 in respect of the RMB30.0 million term loan which was drawdown in December 2020. There was no interest expenses reported for this term loan in 1HFY21.

Net loss

The Group reported a net loss of S\$2.4 million in 1HFY22 as compared with the net loss of S\$1.6 million posted in 1HFY21. The higher net loss was due mainly to the higher distribution and marketing expenses, higher finance expenses and lower other gains. These were partly offset by higher revenue as mentioned above.

B. Review of Financial Position

Cash and cash equivalents

The decrease in cash and cash equivalents was due mainly to cash outflows of S\$1.6 million in operating losses, the repayment of bank borrowings and related interest expense of S\$1.2 million and the repayment of lease liabilities and related interest expense of S\$195,000. These were partly offset by the positive working capital changes of S\$2.6 million.

Financial assets, at FVPL

The financial assets, at FVPL relate to investment in quoted equity securities that offer the Group the opportunity for returns through dividend income and fair value gains. These investments were disposed off in 1HFY22 and the proceeds from the disposal were utilised for working capital purpose.

Trade and other receivables – non-current

The non-current trade and other receivables represents amount due from the District Government of Nanxun District, Huzhou City of Zhejiang Province, PRC (the “Nanxun District Government”) which relates to reimbursement of infrastructure expenditure incurred by the Group. The amount is interest free and will be offset against the cost of acquisition of the development land payable to Nanxun District Government in future.

Borrowings

The decrease in the Group's borrowings was due mainly to the repayment of the term loans and lease liabilities amounting to S\$853,000 and S\$182,000 respectively during 1HFY22. The decrease is partly offset by the additional lease liabilities of S\$285,000 reported in respect of renewal of office premises.

Other than the repayment of borrowings and the additional lease liabilities mentioned above, the movement in current and non-current of borrowings was due mainly to classification of certain non-

current borrowings as at 30 June 2021, which are payable in the next twelve months from 31 December 2021, to current borrowings.

C. Review of Cash Flow

In 1HFY22, the Group recorded a decrease of S\$318,000 in cash and cash equivalents. The decrease was due mainly to net cash used in financing activities of S\$1.3 million, mainly for the repayment of bank borrowings and lease liabilities.

The decrease was partly offset by the net cash provided by operating activities of S\$996,000. This was due mainly to the proceeds from the disposal of financial assets, at FVPL

4. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variances between it and actual results.

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Hospitality business

The COVID-19 pandemic continues to evolve, with new variant, Omicron, predominant the new cases globally. In the PRC, the emergent of new COVID-19 cases in certain cities in the second half of the year 2021 has caused the PRC municipal governments to impose stricter measures to contain the spread of the COVID-19 infections. These measures have impacted the hospitality industry adversely. The Group expects to be in a loss position for FY2022.

Proposed disposal of subsidiary corporations

The Company has on 31 December 2021, entered into a non-binding framework agreement (the “Framework Agreement”) with Bluetown The Spring Blossom Construction Group Co., Ltd (蓝城桃李春风建设集团有限公司) in relation to the disposal of the Company’s equity interests in the subsidiary corporations in the PRC, Huzhou Dixi Gengdu Ecological Agriculture Development Co., Ltd (湖州菘溪耕读生态农业发展有限公司) and Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司, the “Grand Canal Group”) for a total consideration of RMB300,000,000 (the “Proposed Disposal”). Please refer to the Company’s announcements dated 5 January 2022 and 7 January 2022 for the details of the Proposed Disposal (the “Proposed Disposal Announcements”). The Company will make an announcement disclosing further details of the Proposed Disposal upon execution of the sale and purchase agreement and will make appropriate update announcement(s) on the Proposed Disposal at the relevant time.

Business moving forward

As disclosed in the Proposed Disposal Announcements, the Group has commenced preliminary assessment to undertake certain agriculture activities on the leased agriculture land (the “Agriculture Land”) in Huzhou, PRC (“Agricultural Business”) prior to entering into the Framework Agreement. Notwithstanding the Proposed Disposal, the Group has earmarked approximately 1,100 mu (approximately 73.3 hectares) of the Agriculture Land for Group’s continued use to carry out the Agricultural Business. It is the intention of the Group to diversify into the Agricultural Business activities while it continues to explore other real estate projects and other opportunities and will seek the approval of the shareholders at an extraordinary general meeting to be convened for the diversification into new Agricultural Business.

6. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend for the current financial year reported on has been declared (recommended).

(b) (i) Amount per share cents

(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net tax, state the tax rate and the country where dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend determined.

Not applicable.

7. If no dividend has been declared (recommended), a statement to the effect and the reason(s) for the decision.

No dividend has been declared for the period ended 31 December 2021 because of losses incurred during the financial period ended 31 December 2021 and the financial position of the Company.

8. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for the financial period ended 31 December 2021.

9. Negative confirmation pursuant to Rule 705(5) (not required for announcement on full year results).

The Board confirms that to the best of its knowledge, nothing has come to the attention of the board of directors of the Company that might render the financial results for the six months ended 31 December 2021 to be false or misleading in any material respect. A statement signed by two directors is on record.

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

INTERESTED PERSON TRANSACTIONS, ACQUISITION OF SHARES OR SALE OF SHARES IN SUBSIDIARY OR ASSOCIATED COMPANY AND WHITEWASH WAIVER

- 1. The aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.**

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the financial period ended 31 December 2021.

The Company does not have a general mandate from shareholders for interested person transactions.

- 2. Disclosure on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

During the 1H FY22, the Company invested additional RMB4.3 million in the registered share capital of Grand Canal Group. Following the additional investment, the equity interests of the Company in Grand Canal Group has increased from 76.7% to 78.2% and the remaining equity interests is held by 中房联合置业集团有限公司.

The additional investment amount of RMB4.3 million was determined after taking into consideration the working capital requirements of Grand Canal Group. The investment amount was fully paid in cash and is funded through the Group's internal resources. The net asset value represented by every 1% equity interest in Grand Canal Group is S\$76,000. The investment did not have any material impact on the net tangible assets and earnings per share of the Group for the current finance year ending 30 June 2022.

Save as disclosed above, there were no other incorporation of new entities, acquisitions and realisation of shares during the 1H FY22.

- 3. Whitewash waiver**

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 21 November 2017 (the "2017 Circular").

In connection with the Rights cum Warrants Issue (as defined in the 2017 Circular), the Securities Industry Council of Singapore (the "SIC") had on 6 November 2017 waived the obligation under Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code") for Mr Oei Hong Leong ("Mr Oei") and his concert parties (the "Concert Party Group") to make a Mandatory Offer for the Company in the event the Concert Party Group increases their aggregate shareholding in the Company to 30% or more based on the Company's enlarged issued share capital as a result of:

- (a) the subscription for Rights Shares (as defined in the 2017 Circular) pursuant to the Sub-underwriting Commitment (as defined in the 2017 Circular) or Rights cum Warrants Issue,
- (b) the exercise of Warrants (as defined in the 2017 Circular) subscribed for pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue, or
- (c) the exercise of Adjustment Warrants (as defined in the 2017 Circular),

(the "Whitewash Waiver").

Disclosure Note required under the Code

In the Extraordinary General Meeting held on 6 December 2017, the Shareholders of the Company approved, *inter alia*, (i) a rights cum warrants issue of up to 14,537,002,596 new ordinary shares with 14,537,002,596 warrants; and (ii) a Whitewash Resolution (as defined in the 2017 Circular). The disclosures as required under Note 2, Section 2 of Appendix 1 of the Code are set out below:

- (a) the Shareholders (other than Mr. Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja, the concert parties of the Concert Party Group and parties not independent of them) approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the Concert Party Group's subscription of the Rights Shares and Warrant Shares (as defined in the 2017 Circular) arising from the exercise of the Rights cum Warrants Issue and/or the Adjustment Warrant Shares (as defined in the 2017 Circular) arising from the exercise of the Adjustment Warrants (including (a) the subscription of up to 7,785,299,728 Rights Shares by Mr. Oei pursuant to the Sub-underwriting Commitment; and/or (b) the exercise of up to 7,785,299,728 Warrants subscribed by Mr. Oei under the Sub-underwriting Commitment) results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. To rely on the Whitewash Resolution, the acquisition of Rights Shares and Warrants under the Rights cum Warrants Issue by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution, and (A) the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the Warrants and (B) the acquisition of new Shares upon the exercise of the Adjustment Warrants by Mr. Hano Maeloa and Ms. Oei Siu Hoa @ Sukmawati Widjaja must be completed with five (5) years of the date of issue of the Warrants (being 30 January 2023);
- (b) based on the latest available information, the Concert Party Group holds in aggregate:
 - (i) 6,669,033,775 Shares representing 37.41% of the voting rights in the capital of the Company; and
 - (ii) 5,228,472,227 Warrants and 2,197,820,126 warrants expiring on 23 July 2023 (collectively, the "Convertibles");
- (c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) exercise their Convertibles in full is 55.82% (based on the enlarged share capital which includes the shares issued arising from the exercise of Convertibles held by the Concert Party Group);
- (d) having approved the Whitewash Resolution on 6 December 2017, Shareholders have waived their rights to a general offer from the Concert Party Group and their concert parties at the highest price paid by the Concert Party Group for Shares in the past 6 months preceding the commencement of the offer; and
- (e) having approved the Whitewash Resolution on 6 December 2017, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the Warrants subscribed by the Concert Party Group pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue and (B) the Adjustment Warrants to be issued to Mr Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja.

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Operating Officer
3 February 2022

This document has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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